

~~ADMINISTRATIVE - INTERNAL USE ONLY~~

DATE: March 26, 1987

NOTE TO:

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SUBJECT: Annuity Calculations

Dave,

is busily gathering data to answer the questions - "How often are the annuities currently calculated by OP wrong??" and "Why are there errors???"

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In the interim I fielded the following question from the OF Retirement Pay Branch: "Will OP take over all annuity calculations???". The question implies much!!!! Specifically annuities are calculated on at least eight different occasions:

- Initial calculation upon retirement;
- Upon death of "sponsor";
- Upon marriage of "sponsor";
- Upon divorce;
- When COLA's are legislated;
- When additional data is belatedly received;
- Where annuitant has been rehired by USGovt;
- and Where retroactive adjustments are legislated to the pay basis of the annuity calculations.

The questions thus is "will OP calculate in each of the instances above?" If the answer is yes - do they (OP) have all the data necessary? If the answer is no and the corollary is that OF will calculate all but the first instance - then clearly OP will have to provide OF with all the data they used for the first (initial) calculation - and OF will have to verify its correctness for all subsequent calculations!!! AND IF WE'RE NOT CAREFUL WE'RE RIGHT BACK WHERE WE STARTED!!!!

Will you share this with  et al and then get back to me???

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Thanks

26 Mar 87

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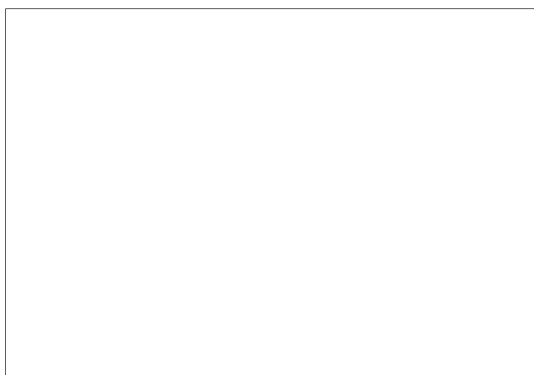
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4/87

MEMORANDUM FOR THE RECORD

SUBJECT: Meeting with Office of Finance Representatives on Retirement  
Automation

Attendees:



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1. This meeting was held as a followup to discussions that been held in early February regarding the automation of retirement processing and the need for periodic updates on programs. [ ] was invited to provide the group with a summary of things that had occurred and to provide some ideas about what would be coming in the months ahead. He provided a time chart that indicated the proposed stages of development for automating various retirement functions. He indicated that the target date for the Thrift system was November 87. He said that the Agency had received three responses to its letter to vendors asking for expressions of interest in providing a software package that would meet our Thrift requirements: TPF&C, ERISCO, and National FSI. TPF&C later bowed out of the competition so the automation group had focused on the other two organizations. They had visited both and were in the process of discussing these systems with users. According to [ ], both systems could meet most of our requirements, although they were not structured to interface with the Agency ADP environment. The cost of the two systems would be approximately \$225,000 for National FSI and about \$280,000 for ERISCO; these prices included installation charges. He indicated that the Automation Group would sit down and review their findings next week and would be back to report their recommendation within about three weeks.

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SUBJECT: Meeting with Office of Finance Representatives on Retirement Automation

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3. [ ] said that if the Offices of Finance and Personnel both agreed with the recommendation on a vendor they would immediately initiate a purchase order. He estimated it would be 2-6 weeks before the software could be delivered after that purchase order was written and submitted to the vendor. He indicated that while awaiting the arrival of the software, efforts would be made to prepare the environment in Ames Building to use the system. This would involve the construction of a communications network to handle the protocol, so that the Savings Plan Section could communicate with the mainframe at Headquarters. [ ] said he anticipated that this might be a critical aspect of the automation process because building management for Ames Building was slow to address requests of this sort. [ ] was tasked with following up with [ ] to try and speed up the process of getting the necessary installation done in the Ames Building. Testing and training for the system would take place in October and November and all the payroll contributions would be loaded into the system in November. [ ] said that the timing for this effort was tight and there was a possibility that the system might not make it by 1 January. It was suggested that a fall back arrangement be developed in the event that this occurred. It was decided to wait until we knew what system we would be selecting and specific problems in getting it to operate in our environment before developing a contingency plan.

4. [ ] said that the system that they would develop for Thrift would not be the ultimate system; it would be adequate for about 2-3 years. It would still require that interfaces be built between it and the payroll and financial systems. He said that these interfaces would not be completed by December 1987. He also said that we might need to continue recording Thrift elections in the same manner as is currently being done until those interfaces were built. I raised the issue of the need for an interim statement for employees participating in the Thrift Savings Plan. It was agreed that a statement would be provided to employees and that it need not be in the same form as used by the Thrift Board. [ ] would provide the Retirement Working Group with an example of what the statement would look like on their meeting of 17 April.

5. [ ] said that the Retirement Automation Group had finished writing its development requirements for the Office of Personnel's retirement processing. He said that they needed to talk with OPM to see what other things it did and that we needed to do. A letter would be going out to commercial vendors on 15 May to see if there would be a software package that might meet these requirements. He indicated that by late June, early July 1987 the Retirement Automation Group would know if there was a suitable

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commercial package available. It was understood by all at the meeting that the ultimate system for retirement automation would accommodate processing of cases by the Retirement Division, those of Payroll and Thrift. [redacted] said that he thought that the Tennessee Valley Authority and the Railroad Retirement Board were the best candidates for providing packages that we could modify to use in our environment. If no one had a suitable retirement package we would have to build our own. [redacted] said that he felt that we could build our own by the end of 1988. Also, he expressed the thought that we might want to move the operational date for the new Retirement System to 1 January 1989 to coincide with the start of a new tax year.

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6. A meeting was to be scheduled in about a month to review the Automation Group's recommendation on the Agency's acquiring a Thrift software package.

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